

House Study Bill 726 - Introduced

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON HEIN)

A BILL FOR

1 An Act relating to the budgeting process and property taxes of
2 certain political subdivisions and including applicability
3 provisions.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 24.9, subsection 1, Code 2022, is amended
2 to read as follows:

3 1. *a.* Each municipality shall file with the secretary or
4 clerk thereof the estimates required to be made in sections
5 24.3 to 24.8, at least twenty days before the date fixed by
6 law for certifying the same to the levying board and shall
7 forthwith fix a date for a hearing thereon, and shall publish
8 such estimates and any annual levies previously authorized
9 as provided in [section 76.2](#), with a notice of the time when
10 and the place where such hearing shall be held not less than
11 ten nor more than twenty days before the hearing. Except for
12 a municipality that is a school district, the notice shall
13 also include the information required under paragraph "c",
14 subparagraph (2), subparagraph divisions (a) through (d), which
15 shall be adopted by resolution of the municipality. Provided
16 that in municipalities of less than two hundred population
17 such estimates and the notice of hearing thereon shall be
18 posted in three public places in the district in lieu of
19 publication. For any other municipality such publication shall
20 be in a newspaper published therein, if any, if not, then in a
21 newspaper of general circulation therein.

22 *b.* The department of management shall prescribe the form for
23 public hearing notices for use by municipalities and notices
24 required to be sent by the department under paragraph "c".

25 *c.* (1) For purposes of this paragraph:

26 (a) "Budget year" is the fiscal year beginning during the
27 calendar year in which a budget is certified.

28 (b) "Current fiscal year" is the fiscal year ending during
29 the calendar year in which a budget for the budget year is
30 certified.

31 (c) "Effective property tax rate" means the property tax
32 rate per one thousand dollars of assessed value and is equal to
33 one thousand multiplied by the quotient of the current fiscal
34 year's actual property tax dollars certified for levy divided
35 by the total assessed value used to calculate taxes for the

1 budget year.

2 (d) "Municipality" means the same as defined in section
3 24.2, but excludes a school district.

4 (2) In addition to the notices published and posted
5 under paragraph "a", the municipality shall direct the
6 department of management to send to each owner or taxpayer
7 within the municipality by regular mail, on or before the
8 date of publication under paragraph "a", an individual notice
9 containing all of the following:

10 (a) The sum of the current fiscal year's actual property
11 taxes certified for levy by the municipality and the
12 municipality's current fiscal year's combined property tax rate
13 for such amount.

14 (b) The effective property tax rate calculated using the sum
15 of the current fiscal year's actual property taxes certified by
16 the municipality.

17 (c) The sum of the proposed property tax dollars to be
18 certified for levy by the municipality for the budget year and
19 the proposed combined property tax rate for such amount.

20 (d) If the proposed property tax dollars specified under
21 subparagraph division (c) exceeds the current fiscal year's
22 actual property tax dollars certified for levy specified in
23 subparagraph division (a), a statement of the major reasons for
24 the increase.

25 (e) The assessed value of the owner's or taxpayer's property
26 used to calculate property taxes for the current fiscal year.

27 (f) The assessed value of the owner's or taxpayer's property
28 used to calculate property taxes for the budget year.

29 (g) The amount of property taxes due on the owner's or
30 taxpayer's property for the current fiscal year for the
31 municipality.

32 (h) The proposed amount of property taxes to be levied
33 against the owner's or taxpayer's property for the budget year
34 for the municipality.

35 Sec. 2. Section 331.433A, subsection 4, paragraph b, Code

1 2022, is amended to read as follows:

2 *b.* Proof of publication shall be filed with and preserved
3 by the auditor. The department of management shall prescribe
4 the form for the public hearing notice for use by counties,
5 the form for individual notices sent by the department under
6 paragraph "c", and the form for the resolution to be adopted by
7 the board under subsection 5.

8 Sec. 3. Section 331.433A, subsection 4, Code 2022, is
9 amended by adding the following new paragraph:

10 NEW PARAGRAPH. *c.* In addition to the notices published
11 and posted under paragraph "a", the county shall direct the
12 department of management to send to each owner or taxpayer
13 by regular mail, on or before the date of publication under
14 paragraph "a", an individual notice containing the information
15 required under paragraph "a", subparagraphs (1) through (4),
16 and all of the following:

17 (1) The assessed value of the owner's or taxpayer's property
18 used to calculate property taxes for the current fiscal year.

19 (2) The assessed value of the owner's or taxpayer's property
20 used to calculate property taxes for the budget year.

21 (3) The amount of property taxes due on the owner's or
22 taxpayer's property for the current fiscal year for general
23 county services and rural county services under the levies
24 specified in subsection 2, paragraphs "a" and "b".

25 (4) The proposed amount of property taxes to be levied
26 against the owner's or taxpayer's property for the budget year
27 for general county services and rural county services under the
28 levies specified in subsection 2, paragraphs "a" and "b".

29 Sec. 4. Section 331.433A, subsection 5, paragraph a, Code
30 2022, is amended to read as follows:

31 *a.* At the public hearing, the board shall receive oral
32 or written objections from any resident or property owner
33 of the county. After all objections have been received and
34 considered, the board may decrease, but not increase, the
35 proposed maximum property tax dollar amounts for inclusion in

1 the resolution and shall adopt the resolution and file the
2 resolution with the auditor as required under section 331.434,
3 subsection 3. In addition to the proposed maximum property tax
4 dollar amounts for general county services and rural county
5 services, the resolution shall also include the effective
6 property tax rate for general county services, the effective
7 property tax rate for rural county services, the estimated
8 property tax rate for the proposed general county services
9 maximum property tax dollar amount, and the estimated property
10 tax rate for the proposed rural county services maximum
11 property tax dollar amount.

12 Sec. 5. Section 359.49, subsection 4, Code 2022, is amended
13 to read as follows:

14 4. a. The board of trustees shall transmit a copy of the
15 proposed budget and a notice of the meeting set as required by
16 subsection 5 to the county auditor for posting. The county
17 auditor shall post the notice and the proposed budget in an
18 area of the courthouse where notices to the public are commonly
19 posted. The notice shall also include the information required
20 under paragraph "b", subparagraph (2), subparagraph divisions
21 (a) through (d), which shall be adopted by resolution of the
22 board of trustees.

23 b. (1) For purposes of this paragraph:

24 (a) "Budget year" is the fiscal year beginning during the
25 calendar year in which a budget is certified.

26 (b) "Current fiscal year" is the fiscal year ending during
27 the calendar year in which a budget for the budget year is
28 certified.

29 (c) "Effective property tax rate" means the property tax
30 rate per one thousand dollars of assessed value and is equal to
31 one thousand multiplied by the quotient of the current fiscal
32 year's actual property tax dollars certified for levy divided
33 by the total assessed value used to calculate taxes for the
34 budget year.

35 (2) In addition to the notices published and posted under

1 paragraph "a", the township shall direct the department
2 of management to send to each owner or taxpayer within the
3 township by regular mail, on or before the date of posting
4 under paragraph "a", an individual notice containing all of the
5 following:

6 (a) The sum of the current fiscal year's actual property
7 taxes certified for levy by the township and the township's
8 current fiscal year's combined property tax rate for such
9 amount.

10 (b) The effective property tax rate calculated using the sum
11 of the current fiscal year's actual property taxes certified by
12 the township.

13 (c) The sum of the proposed property tax dollars to be
14 certified for levy by the township for the budget year and the
15 proposed combined property tax rate for such amount.

16 (d) If the proposed property tax dollars specified under
17 subparagraph division (c) exceed the current fiscal year's
18 actual property tax dollars certified for levy specified in
19 subparagraph division (a), a statement of the major reasons for
20 the increase.

21 (e) The assessed value of the owner's or taxpayer's property
22 used to calculate property taxes for the current fiscal year.

23 (f) The assessed value of the owner's or taxpayer's property
24 used to calculate property taxes for the budget year.

25 (g) The amount of property taxes due on the owner's or
26 taxpayer's property for the current fiscal year for the
27 township.

28 (h) The proposed amount of property taxes to be levied
29 against the owner's or taxpayer's property for the budget year
30 for the township.

31 Sec. 6. Section 384.15A, subsection 4, paragraph b, Code
32 2022, is amended to read as follows:

33 b. Proof of publication shall be filed with and preserved
34 by the county auditor. The department of management shall
35 prescribe the form for the public hearing notice for use by

1 cities, the form for individual notices sent by the department
2 under paragraph "c", and the form for the resolution to be
3 adopted by the council under subsection 5.

4 Sec. 7. Section 384.15A, subsection 4, Code 2022, is amended
5 by adding the following new paragraph:

6 NEW PARAGRAPH. c. In addition to the notices published and
7 posted under paragraph "a", the city shall direct the department
8 of management to send to each owner or taxpayer by regular
9 mail, on or before the date of publication under paragraph "a",
10 an individual notice containing the information required under
11 paragraph "a", subparagraphs (1) through (4), and all of the
12 following:

13 (1) The assessed value of the owner's or taxpayer's property
14 used to calculate property taxes for the current fiscal year.

15 (2) The assessed value of the owner's or taxpayer's property
16 used to calculate property taxes for the budget year.

17 (3) The amount of property taxes due on the owner's or
18 taxpayer's property for the current fiscal year for the city
19 under the levies specified in subsection 2.

20 (4) The proposed amount of property taxes to be levied
21 against the owner's or taxpayer's property for the budget year
22 for the city under the levies specified in subsection 2.

23 Sec. 8. Section 384.15A, subsection 5, paragraph a, Code
24 2022, is amended to read as follows:

25 a. At the public hearing, the council shall receive oral
26 or written objections from any resident or property owner
27 of the city. After all objections have been received and
28 considered, the council may decrease, but not increase, the
29 proposed maximum property tax dollar amount for inclusion in
30 the resolution and shall adopt the resolution and file the
31 resolution with the county auditor as required under section
32 384.16, subsection 3. In addition to the proposed maximum
33 property tax dollar amount, the resolution shall also include
34 the effective property tax rate, and the estimated property tax
35 rate for the proposed maximum property tax dollar amount.

1 Sec. 9. APPLICABILITY. This Act applies to county, city,
2 township, and municipality budgets for fiscal years beginning
3 on or after July 1, 2023.

4	EXPLANATION
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5 The inclusion of this explanation does not constitute agreement with
6 the explanation's substance by the members of the general assembly.

7 This bill relates to budget approval processes and property
8 taxes of counties, cities, townships, and other municipalities.
9 Under Code sections 331.433A and 384.15A, each county and
10 city is, prior to filing of the entity's proposed budget,
11 required to adopt a resolution establishing, in the case of
12 a county, the total maximum property tax dollars that may be
13 certified for levy for general county services and the total
14 maximum property tax dollars that may be certified for levy for
15 rural county services; and in the case of a city, the total
16 maximum property tax dollars that may be certified for the
17 enumerated city government purposes and funds. The governing
18 body must hold a public hearing on the resolution and notice
19 of the public hearing is required to be published and posted
20 on the entity's internet site and social media accounts, as
21 applicable. Notice of the hearing is required to include
22 specified property tax dollar amounts and levy rates, including
23 the effective property tax rate.

24 The bill provides that in addition to the published and
25 posted notices under Code sections 331.433A and 384.15A, the
26 city or county, as applicable, shall direct the department of
27 management to send to each owner or taxpayer by regular mail,
28 an individual notice containing the information required under
29 the notice published and posted and all of the following: (1)
30 the assessed value of the owner's or taxpayer's property used
31 to calculate property taxes for the current fiscal year; (2)
32 the assessed value of the owner's or taxpayer's property used
33 to calculate property taxes for the budget year; (3) the amount
34 of property taxes due on the owner's or taxpayer's property for
35 the current fiscal year for the city or county; and (4) the

1 proposed amount of property taxes to be levied for the city
2 or county against the owner's or taxpayer's property for the
3 budget year.

4 The bill also amends Code section 24.9 relating to the filing
5 of budget estimates as part of the budget approval process for
6 municipalities, which includes public entities that have power
7 to levy or certify a tax or sum of money to be collected by
8 taxation, except a county, city, drainage district, township,
9 or road district. The bill adds to the notice required to be
10 published and posted regarding the public hearing under Code
11 section 24.9, the information similarly required for cities and
12 counties under current Code sections 331.433A and 384.15A. The
13 bill also requires each municipality to direct the department
14 of management to send individual notices to each owner or
15 taxpayer by regular mail that contain similar information to
16 that which is required for inclusion in individual notices sent
17 by the department of management for counties and cities under
18 the bill.

19 The bill also amends the township budget approval process
20 under Code section 359.43 to require the township budget
21 hearing notice to include information similarly required to be
22 included in the notice for cities and counties under current
23 Code sections 331.433A and 384.15A, and to require the board
24 of township trustees to direct the department of management to
25 send individual notices to property owners and taxpayers that
26 are similar to the individual notices required for counties,
27 cities, and municipalities under the bill.

28 The bill applies to county, city, and political subdivision
29 budgets for fiscal years beginning on or after July 1, 2023.